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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 001304

SIPDIS

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SUBJECT: BIHAR ELECTIONS COULD WEAKEN UPA GOVERNMENT

Classified By: Polcouns Geoff Pyatt for Reasons 1.4 (B, D)

11. (C) Summary: The elections for the Bihar State Assembly are being watched more closely than usual this year, because the outcome could possibly weaken the UPA coalition in Delhi.

A resurgent Congress is losing patience with Bihar satrap Lalu Prasad Yadav, and would like to reduce his influence in the United Progressive Alliance (UPA) coalition in New Delhi as a first step towards parting company. During a February 10-12 trip to Bihar, Poloff heard that losses in Bihar elections by Lalu,s Rashtriya Janata Dal (RJD) will likely result in a hung assembly when votes are counted on February 27. Such an outcome would please Congress, as it would weaken Lalu's hold on Bihar and lessen his influence in Delhi. However, if Lalu performs reasonably well, Congress leadership may order the Bihar party to side with him, and the UPA will not be effected. A disparate coalition is working together to oust Lalu, and for the first time in 15 years his Muslim/Yadav (farmer) vote bank looks vulnerable, although he remains personally popular. With the UPA in power in Delhi, his traditional strategy of offering himself as the best bulwark against Hindu nationalists and possible communal violence no longer works. Lalu,s acceptance of the post of Railway Minister appears to have been a major tactical error, because it angered a former ally who coveted the position and has since decided to run against Lalu, taking crucial Muslim and Dalit votes away from the RJD. End Summary.

Ramifications For New Delhi

12. (C) The Bihar race could impact the Congress-led government in New Delhi, by changing the make-up of the governing UPA. Although Bihar,s opposition parties agree that they want to get rid of Lalu, he retains considerable influence because of the 26 seats he delivered to the UPA during the 2004 general elections. If Lalu does pull out of the UPA the coalition would still have a majority in New Delhi and would not need to find new allies to maintain the government, but it would be weaker. Sonia Gandhi and the Congress leadership view him as an "embarrassment," are tired of his antics and want to see his influence diminish, according to Asian Development Research Institute (ADRI) Director Prabhat Ghosh and several journalists, but it is not clear at what point Congress would drop Lalu. If he maintains a significant portion of the Bihar vote, Congress might decide that it has no choice but to support him to maintain the UPA alliance because the party is not in a position to annoy Lalu.

Predictions

13. (C) During a recent trip to Bihar, pundits predicted to Poloff that Lalu would lose a significant number of seats in the state assembly and his wife Rabri Devi could lose the Chief Ministership, due to a fragmentation of his core Muslim/Yadav vote bank (The latter is a lower caste comprising mostly of poor farmers, of which Lalu is a member). Ali Anwar, President of the All-India Pasmanda Muslim Mahaz (a body representing Backwards Muslims and Dalits), forecast that Lalu and the RJD may only get about 70 seats in the 243-seat assembly, and then lose power. ADRI Director Ghosh suggested that the RJD would get between 70 and 85 seats, which would also not be enough for the RJD to retain the Chief Ministership. He speculated that the local National Democratic Alliance (NDA) and the Janata Dal (United) could make a bid to form the government after the elections, with former Railway Minister and leader of the JD(U) Nitish Kumar as Chief Minister.

14. (C) Should the election result in a hung parliament, as most observers predict, the real political battle will be waged after the elections, when the job of coalition building begins. According to Anjana Prakash, Senior Advocate at the Patna High Court, the serious political wrangling will occur in the back rooms, as the major parties position themselves to increase their influence. She added that no one should count Lalu out, because he is most wily when cornered. Bihar Industries Association President S.K. Mehrotra agreed, stating, &the real politics will only come out after the election is over and the results made public,8 with each party vying for a part in the ruling coalition.

The Players

15. (C) Rabri Devi is Chief Minister, but her husband Lalu Prasad Yadav rules by proxy. In a controversial -- and many believe illegal move -- Lalu nominated his wife Devi for the position in July 1997 after he was convicted of corruption. Despite spending time in jail four times in the last 8 years on corruption charges, Lalu has ruled Bihar for 15 years, except for two short periods in 1995 (in which the NDA formed a government for seven days) and 2000 (when there was Presidents rule for two months). During his tenure, Bihar has slipped ever deeper into poverty, crime, and corruption, to the point it is now known as the country's worst governed state and the capitol of kidnapping and extortion. Lalu has been quoted as saying, "any person who reads a newspaper is not my voter." Various interlocutors agreed that he purposely limits development in Bihar to maintain his hold on the poor and downtrodden that vote for him.

16. (C) Lalu remains in power because caste and religion-based politics are the most potent social and political forces in the state. For years, he has relied on poor Muslims and Yadavs to give him an unbeatable plurality in the state Assembly. Muslims make up 17 percent of the population, and have voted for Lalu for years to keep the BJP out of power. Lalu plays to these fears, most recently by distributing a CD with footage of the Gujarat riots. He also draws support from his own caste, the Yadavs, a lower caste that make up 22 percent of the population. The Yadavs have long been victims of discrimination too, and Lalu appeals to their sense of pride in having "one of their own" at the top. These two groups, known in Bihar as the MY (Muslim/Yadav) Coalition, make up 39 percent of the population, providing Lalu with a hitherto unbeatable vote bank.

The Challengers

17. (C) Current Union Minister for Steel and Chemicals and Fertilizers and LJP Chief Ram Vilas Paswan is the second most influential candidate in the race after Lalu. A Dalit with great influence in his community, Paswan is also popular with lower class Muslims, and could take a significant number of votes in both of these communities from Lalu and the RJD. Paswan, s LJP formerly belonged to the BJP-led NDA, but quit over the 2002 Gujarat riots. He later joined the UPA for the 2004 Lok Sabha polls. Paswan has become a key ally in the Congress strategy for revival in Bihar.

18. (C) Congress ruled Bihar until 1989, but its influence has declined steadily since then. Its recent resurgence at the national level has convinced the state leadership that it can return to power. Leftist parties, such as the Communist Party of India (Marxist), Communist Party of India (CPI) and Communist Party of India (Marxist-Leninist) only managed eight percent of the vote in the 2000 elections and are not expected to play a major role in the 2005 polls.

19. (C) The BJP and JD(U) have formed an alliance to contest the Bihar polls, and have announced that state JD(U) leader Nitish Kumar would be Chief Minister if they win the election. Our informants agreed that if a fractured mandate provided a chance to oust Lalu, Congress, the LJP and the JD (U), might well join hands to form to form the government.

110. (C) Our interlocutors also agreed that independent candidates will, for the first time, play an important role in Bihar elections. ADRI Member-Secretary Shaibal Gupta stated that the RJD, s success over the last 15 years has created an ever growing number of people expecting positions in the Lalu government. When these would-be politicians were not offered RJD tickets, they expressed their discontent by running against official RJD candidates. He added that since five or ten seats will most likely decide the race, these independents could make all the difference. According to BJP spokesperson Kiran Ghai, although Congress and the RJD have an agreement not to field candidates against each other, Lalu has tried to get around it by fielding "independent" candidates against Congress.

Lalu, s Weakness, in 2005

111. (C) A number of issues have weakened Lalu, s hold on power in Bihar. With the BJP no longer in power in New Delhi, it is more difficult for Lalu to scare lower class Muslims into voting for him. Since voting behavior in Bihar is dictated primarily by religion or caste, the emergence of Paswan means that Dalit voters can now vote for one of their own rather than Lalu, ADRI's Ghosh argued. Several observers commented that Paswan might name a Muslim as his candidate for the Chief Minister position, forcing Lalu to drop Rabri Devi and follow suit to keep his Muslim vote bank intact.

112. (C) S.K. Mehrotra of the Bihar Industries Association stated that many people are disenchanted with Lalu because he

has nothing to show for his many years in office and now, with no threat of communal violence on the horizon, voters see Congress and the LJP as real options. Also, the dramatic increase in crime in recent years and the growing anti-incumbency sentiment has galvanized the upper castes against Lalu. His main mistake was ambition by taking the post of Railway Minister. Lalu thought that it would position him to become Home Minister or even Prime Minister, but instead it only spurred his challenger Paswan who coveted the position.

13. (C) Journalist Manish Kumar from NDTV summed up the general sense that Lalu is most dangerous when backed into a corner and that his ability to play off one side against the other should not be discounted. He concluded, "Lalu in the opposition is a scary thought and could be even more dangerous."

Comment

14. (C) We will not know until the final results are announced on February 27 just how much Lalu has slipped. If he confounds the critics and manages again to win a clear victory, the status quo will continue both in Bihar and in New Delhi. Should he do poorly, Congress can be expected to begin marginalizing him. Even though he has stated that he will not upset the UPA coalition in New Delhi, Lalu will not hesitate to do so, if he faces a loss of power and sees a chance to exact revenge.
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